

SECRET

10 September 1988

FINANCE - 37  
FISCAL - 79  
TAS - 89

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COMPTROLLER INSTRUCTION NO. 64

SUBJECT: General - Clearances  
Specific - Determination and Settlement of  
Financial Responsibilities of Agency  
Personnel Upon Separation

1. PURPOSE

The purpose of this instruction is to set forth the policy, responsibilities, and procedures of the Office of the Comptroller for determining the financial responsibility of an individual to the Agency, or the financial responsibility of the Agency to an individual, prior to separation of an individual from the Agency.

2. SCOPE

- a. Each separation action may require a different degree or method of clearance. Circumstances of a particular case will determine the type and extent of clearance action which will be undertaken, and the method of liquidating any liability found to exist. For purposes of these instructions, clearance action shall be taken in the following situations:
- (1) Separation of an individual from employment by the Agency, including military furlough, leave without pay in excess of 60 days, maternity leave, etc.
  - (2) Separation of an individual detailed to the Agency by reassignment returning the individual to his parent agency or service, such as military personnel.
- b. In addition, other situations may arise which may affect an individual's status directly or indirectly and require that a determination of his financial responsibility be established and possibly settled, but which do not fall specifically within one of the foregoing.

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- c. Reassignments of individuals between vouchered funds and confidential funds when no separation from Agency employment is involved are not subject to these clearance procedures. However, reassignment actions of individuals between funds shall be subject to analysis and review in accordance with established payroll procedures in effect in the respective payroll units and may be subjected to such other informal clearance actions within the losing Division as circumstances indicate necessary.

### 3. POLICY

The Chief, Fiscal Division and the Chief, Finance Division shall establish clearance procedures and designate Clearance Officers in each Division who shall be primarily responsible for determining the extent of clearance to be made for arranging settlement of any existing financial responsibility of an individual to the Agency or of the Agency to the individual, whenever there is a separation from Agency employment status as indicated under paragraph 2 - Scope.

### 4. GENERAL

- a. The Office of Personnel has general responsibility for initiating the preparation and coordination of Form 21, Final Payment Clearance Sheet, on all employees overtly separating from the Agency. Agency components designated on the form will be notified and notations will be entered on the form by the Office of Personnel of any indebtedness or liability reported to that Office.
- b. When separation is due to the death of an individual, the Office of Personnel has general responsibility for notifying the nearest of kin and extending assistance for the preparation of a claim for final salary due, including any lump sum payment for annual leave, insurance, etc. Settlements in the event of death usually require expeditious handling and such claims shall be coordinated as much as possible with the Office of Personnel. However, final settlement shall not be made until satisfactory clearance has been established.
- c. An indebtedness to the Agency may result from the loss of, or damage to Agency property and final determination of the extent of such indebtedness or release from the indebtedness may be contingent upon the findings of a Board of Survey. The pecuniary liability to the

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Agency resulting from the loss of or damage to property must be resolved prior to making final settlement. Monies otherwise due the individual shall be withheld from the final settlement and applied toward settlement of the pecuniary liability.

- d. The complexity of determining the liability of an individual to the Agency is increased by the fact that an individual may be payrolled by the Fiscal Division whereas funds for travel or operational purposes may be advanced to the individual by the Finance Division, or the individual may be on detail to the Agency. Also, property may have been issued and charged to the individual by the Office of Logistics or the component of permanent assignment, without knowledge of the Office of Comptroller. Coordination of all interested offices and components is essential to the identification of all indebtedness and to the satisfactory settlement thereof in a secure manner as dictated by the exigencies of the case.

5. PROCEDURES - GENERAL — *See C.I. # 64, Amendment #1 dated 4 May 1962*

- a. Action shall be initiated promptly by the Clearance Officers of the Fiscal and/or Finance Division upon receipt of information relative to a separation of an individual. The source of such information may be a verbal notification, Form 21 - Final Payment Clearance Sheet, a copy of a request for personnel action, a copy of Form 1150, Notification of Personnel Action, a memorandum, copy of a cable, a list of separatees, etc. The clearance shall include as many steps as necessary, to be executed in a sequence most convenient as follows:
- (1) Examine all records on payroll, leave, and advances of funds. Obtain documents needed, including time and attendance reports, accountings for advances, and any other information which will affect the clearance determination.
  - (2) Request suspension of all payments to the individual including salary, if necessary, pending a determination of indebtedness and the method of settlement to be applied.
  - (3) Negotiate settlement of any indebtedness.

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- (4) Determine that all pertinent information has been examined, verify recovery or other disposition of any indebtedness, and approve the final clearance, as appropriate.

## 6. PROCEDURES - FISCAL DIVISION

Upon receipt of notice that an individual paid from vouchered funds is to be separated from the Agency, action shall be taken as follows:

- a. Examine Form 21, if available, for evidence of any indebtedness. If a Form 21 is not available, obtain this form from the Office of Personnel.
- b. Review all payroll records for any unliquidated indebtedness, including any balances of deductions for the purchase of bonds which will not be liquidated by issuance of a bond or refunded in the final salary settlement. (See Comptroller Instruction No. 49 - Bond Balances Due Separated Employees.)
- c. Determine whether there are any unliquidated advances of vouchered funds outstanding.
- d. Obtain a report in writing from the Finance Division indicating that the separating individual (except for summer temporary employees) does or does not have any indebtedness on account of advances made from confidential funds and what action, if any, will be required to settle such balances. This report shall be filed with the Form 21 in the Fiscal Division.
- e. Arrange for settlement of any vouchered fund indebtedness by one or more of the following:
  - (1) Obtain a cash refund.
  - (2) Request that accountings be submitted for credit toward outstanding advances.
  - (3) Deduct the amount of indebtedness not covered by other alternatives from final compensation.
  - (4) Negotiate terms and arrangements for repayment of the indebtedness.
  - (5) After having exhausted all other methods of recovery, authorize set-off of any balance against retirement credits, if available.

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- f. Approve a full clearance or a qualified clearance based upon results of foregoing actions.
- g. Indebtedness which cannot and should not be settled by administrative action available to the Agency or by submission to the General Accounting Office shall be settled in accordance with Regulation [REDACTED] Settlement of Accounts.

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7. PROCEDURES - FINANCE DIVISION

- a. Separations of Agency employees. Upon receipt of notice that an Agency employee is to be separated from the Agency, the extent of clearance action will be determined by whether the individual was payrolled from vouchered funds or from confidential funds and, where appropriate, shall include actions as follows:

- (1) Examine Form 21, when received, for evidence of any indebtedness. If a Form 21 is not available obtain this form from the Office of Personnel.

(2)

[REDACTED]  
If carried on confidential funds, an individual is separated while overseas or has recently returned from overseas, a Personnel Transfer and Clearance Sheet, (Form 495), or equivalent, will be required to complete the clearance process.

- (3) Review the advance account records for any un-

- (4) Obtain accountings when possible and appropriate to reduce indebtedness due to advances of funds.

- (5) Notify the appropriate payroll office of the amount of any indebtedness to be withheld from the final compensation payment.

- (6) After all other methods of recovery have been exhausted, request the appropriate payroll office to set-off any balance against retirement credits, if available.

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- (7) For employees payrolled from vouchered funds forward a written report of findings to the Fiscal Division indicating full clearance or stating sums to be collected from the individual. (A clearance will not be prepared by the Finance Division for summer temporary employees).
  - (8) Initiate action to transfer any unliquidated balance of indebtedness to General Ledger Account No. 148 - Advances and other Receivables Due From Former Agency Personnel.
  - (9) Negotiate with the individual for the settlement of amounts transferred to General Ledger Account No. 148 and maintain follow-up on the account.
  - (10) Indebtedness which cannot and should not be settled by administrative action available to the Agency or by submission to the General Accounting Office shall be settled in accordance with [REDACTED] - Settlement of Accounts.
- b. Separations of detailed personnel. Upon receipt of notice of separation of an individual who has been on detail to the Agency, such as military personnel, action shall be taken as follows:
- (1) Review the accounting records for unliquidated advances made from confidential funds for travel or operational purposes.
  - (2) Obtain accountings when possible to apply toward any indebtedness.
  - (3) Arrange with the individual for settlement of any indebtedness.
  - (4) Initiate transfer of any unliquidated balances of indebtedness to General Ledger Account No. 148.
  - (5) Indebtedness which cannot and should not be settled by administrative action available to the Agency or by submission to the General Accounting Office shall be settled in accordance with [REDACTED] - Settlement of Accounts.

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